

Women's Cross-Border Trade in West Africa

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The goal of USAID's West Africa Regional Program (WARP) is to promote a politically stable and economically prosperous West Africa. Making regional economic integration a reality is one fundamental condition for achieving this goal. WARP provides strategic technical assistance through public and private institutions in the development and implementation of policies that promote trade and investment in the region. Eliminating trade restrictions can lead to increased economic activity and trade in the region, ultimately benefiting half of the 260 million West African people who produce, trade, and consume local products.

Women in West Africa are actively engaged in the production and trading of food and other commodities and have a great potential to contribute to increased cross-border trade. Because women's cross-border trade is usually carried out informally, measuring their contributions to national and regional economic development is difficult. Women contribute to increasing food security by trading food products from areas of surplus to areas of deficit. Moreover, women's businesses engage a large number of people, formally (by using the services of other businesses, such as public and private transportation) and informally (by employing family members), thus creating livelihoods for many who otherwise would be under- or unemployed.

SCOPE AND METHODOLOGY

In recognition of the lack of information on the scope and magnitude of women's business activities in the region, WARP requested WIDTECH to undertake an assessment of women's cross-border trade.¹ Fieldwork was conducted in Benin, Ghana, Mali, and Senegal

and in the border areas of Burkina Faso, Côte d'Ivoire, and Nigeria. Women traders from Guinea and Guinea-Bissau were interviewed at the border markets in Senegal.

Interviews were held with women cross-border traders, customs officials, freight forwarders and transporters, government officials, and members of commodity associations. Women cross-border traders were interviewed individually at their business locations or in groups at regional markets and public places. Officials, freight forwarders, and transporters were interviewed on the job. Information was collected on the typology of traders, type of commodities traded, organization of trade, methods for acquiring market information, changes in trade patterns, and business and social networks. A literature review preceded the fieldwork, summarizing published and unpublished resources on the subject since 1985.

PROFILE OF WOMEN CROSS-BORDER TRADERS

Women cross-border traders in West Africa are not a homogenous group. Various socioeconomic and cultural variables can be used to differentiate among women cross-border traders. Based on the volume and value of their businesses, their buying and selling activities, their travel destinations, and the types of markets in which they operate, women cross-border traders are divided into three broad categories: retailers, wholesalers/retailers, and wholesalers.

¹ G. Morris and M. Saul, *Women's Business Links: A Preliminary Assessment of Women's Cross-Border Trade in West Africa*, a WIDTECH Project report, Development Alternatives, Inc., Bethesda, Maryland, August 2000.

Retailers. Most West African women enter into the cross-border trading business as retailers, by establishing their own small businesses or by working on commission to sell imported goods. In some cases, women do both. This kind of business requires little working capital and can be carried out on a flexible schedule. Many retailers are young women with children who operate businesses in both rural and urban areas and often do not travel.

Wholesalers/Retailers. This group represent the status to which many retailers aspire to promote their businesses. Some wholesalers/retailers interviewed indicated that buying goods close to the origin of the goods and selling them in local markets helped them expand their businesses and graduate to the wholesaler/retailer category. Wholesalers/retailers often trade with fabrics, kitchen utensils, processed food, and other consumer goods. Typically, these traders diversify the line of goods with which they trade. They often have their own storage, located close to markets, and operate both as wholesalers and retailers.

Wholesalers. Wholesalers usually import goods directly from manufacturers in the region. Examples include textiles from Nigeria, Togo, and Côte d'Ivoire; aluminum-ware from Ghana; enameled bowls and plastics from Nigeria; and pharmaceuticals and cosmetics from Côte d'Ivoire. Wholesalers often increase their profit margin by avoiding intermediaries. They either purchase goods directly from manufacturers in the region or import them from South Asia and the Far East. They then sell the imported goods to wholesalers/retailers in smaller lots or sometimes sell directly to consumers who are willing to pay high prices.

Wholesalers and wholesalers/retailers travel frequently across the region. They also make business trips to the Far East (Bangkok) and to European cities (Istanbul) to coordinate their imports. Although many traders indicated the importance of traveling to markets outside of the region to expand their businesses, they consider a business trip (costing \$14,000 to \$75,000) to Dubai as the ultimate destination to help their

businesses move to the next level, as wholesalers/retailers or as independent wholesalers. Dubai serves as an important international trading center for goods manufactured in the Far East, Indonesia, and South Asia. Dubai is also attractive to West African traders because of the availability of services facilitated by import/export agents, including French interpretation, currency exchange, freight forwarding, and container storage. West African women traders who travel often outside the region have strong literacy and numeracy skills and can deal with international trade regulations.

TRADABLE COMMODITIES

All three categories of women cross-border traders engage in trading agricultural produce, agricultural processed goods, or light-manufacturing commodities. Some rural wholesalers who trade with agricultural commodities operate their businesses with a volume of working capital comparable to the wholesalers who travel to Dubai to import manufactured goods. Seasonal price fluctuations for agricultural commodities increase profit margins for traders who store crops immediately after harvest and sell them later in the season. For example, around Pobe, Benin, the price of palm oil traded across the Nigerian border increases more than seven-fold in December, as compared with the price in February when the palm fruit is harvested.

Women engage heavily in trading local agricultural goods that have been processed using small-scale technological operations. These include *gari* (a kind of cereal) in Benin and *ateke* (slightly fermented manioc grits) in Côte d'Ivoire. Locally produced soaps are traded across Senegal and Benin borders. In the inner Niger Delta, the smoking and drying of fish are women's activities. In fact, women trade with smoked and salted fish across all borders. Other semi-processed agricultural goods with which women trade regionally include palm oil, shea butter, and fermented nere seeds.

Another commodity with regional market significance in West Africa is *basin*—that is, dyed cloth. Mali's high quality of dyed cloth generates steady demand

throughout the region. Women predominate in the cloth-dyeing business in the country. Cross-border trade conducted by both women and men with this commodity increases the demand and leads to the expansion of women's cloth-dyeing business activities.

Women cross-border traders—in particular, retailers and wholesalers/retailers—often diversify their line of products to minimize risk and increase profit margins.

CONSTRAINTS TO CROSS-BORDER TRADE

The constraints women cross-border traders in West Africa face include inadequate public and private transportation, customs and other payments, lack of financial services, poor security, lack of business management skills, and limited market information.

Inadequate Public and Private Transportation.

Women use both public and private transportation to transfer their goods across the borders to local and regional markets. Private transportation includes animal-drawn carts, cars, small trucks and vans, and large trucks. Lack of adequate transportation disproportionately affects women who trade in small volumes. Wholesalers and some wholesalers/retailers who trade in large volumes often use their own small trucks and vans to transport their goods across the borders.

Women account for 70 percent of the users of regional public transportation. Because of the poor state of public transportation in West Africa, women traders face frequent delays, forcing them to miss regional market days and causing consumable items such as agricultural goods and processed food to spoil. For example, the train trip from Bamako to Dakar, which once took one day, now takes two days.

Shortage of vehicles that handle large shipments is a common problem in the region and often is one factor that limits the volume of goods with which women trade. Women who trade with palm oil, rice, petroleum, dried fish, and other goods often organize themselves into convoys and negotiate the transportation of their goods using freight forwarders. Because

organizing a transportation convoy can take weeks, women who trade with smoked fish along the Burkina Faso-Mali border take risks in traveling with their goods on the top of vehicles.

Customs and Other Payments. Women cross-border traders pay customs fees at several roadblocks set within one country, irrespective of the value or the volume of goods they transport. Frequent inspections at roadblocks delay women in reaching their destinations.

Many of these problems result from the slow implementation of regional trade agreements that were intended to eliminate tariff and non-tariff barriers to trade. Both regional trade and monetary institutions such as the Economic Community of West African States (ECOWAS) and West African Economic and Monetary Union (WAEMU) seek to promote trade liberalization and create regional economic integration. However, these regional trade policies have had little impact on local border-crossing practices. Women cross-border traders are not informed about changes in trade policy that would affect tariff and non-tariff constraints to trade and consider the customs and duties as part of normal trading practice.

Lack of Financial Services. The inefficient operations of the West African commercial banking system affect all cross-border traders. Money transfers between banks in different countries take months before accounts are credited. In addition, the absence of banks in rural areas makes traders' access to financial services impossible. In some cases, traders have to submit requests for foreign currencies months in advance, without any guarantee of obtaining them.

Women in West Africa have little access to formal financial services, including savings and credit. In time of need, women traders turn to relatives and other traditional sources of lending who provide only a small amount of credit, with short-term repayment requirements. Sometimes, women wholesalers give credit in-kind (tradable goods) to reliable retailers and wholesalers/retailers and expect full payment after the goods are sold, usually within 30 days.

Poor Security. Women traders of all categories reported increased incidents of physical assaults and robbery in trains and buses and at train and bus stations en route to markets across borders. The lack of effective police presence at railroad stations increases the incidence of crime against women traders. Although some traders travel in groups to protect themselves, others have stopped traveling to port markets such as Lome and Lagos because of the increased level of violence they experience at these locations.

Lack of Business Management Skills. Women cross-border traders are less educated than their male counterparts and lack business management skills. Limited literacy and numeracy skills often are major constraints for cross-border traders. Many women traders acquire their business skills through traditional means—that is, they are passed down from mother to daughter or learned through years of hands-on experience.

Limited Market Information. Since most women traders operate outside of mainstream business circles, accurate market information often does not reach them. Women obtain market information on price, supply, and demand from other cross-border traders or by traveling to the markets. These unreliable informal channels of information often lead to saturated markets—for example, in imported cosmetics and kitchen products. Although some traders in Accra indicated they can obtain overseas export information from the Ghanaian Export and Promotion Council, the provision of information on regional markets generally is minimal.

STRENGTHENING WOMEN'S BUSINESSES

The WIDTECH assessment of women's cross-border trade in West Africa confirms the importance of addressing constraints women face at both micro and macro levels by strengthening women's businesses and their institutional networks, as well as by improving

the environment in which women traders operate. Specific recommendations are:

- Promote dialogue and programs at the regional and national levels, including the standardization of customs rules and tariffs, the provision of financial services and the improvement of infrastructure to alleviate transportation constraints.
- Enhance the capacity of women engaged in cross-border trade by providing business skills training.
- Increase access to local, regional, and international market information systems and to trade policy and customs information through mass media and other means.
- Conduct subsector research on dried fish and cloth so these commodities—which are processed and traded mostly by women—can better compete in local and regional markets.
- Strengthen organizations in which women have high memberships so they can voice gender-based concerns and negotiate better terms with local, national, and regional institutions to support their businesses.

WIDTECH supports innovative approaches to technical assistance and training that take into account women's roles and contributions and enhance the effectiveness of USAID's development assistance.

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